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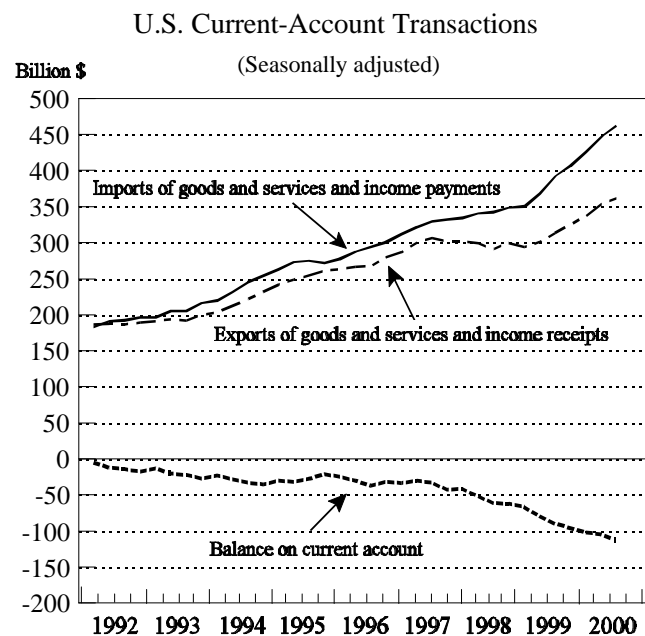
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Recorded Message: 606-5362

U.S. International Transactions: Third Quarter 2000

Current Account

The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--increased to \$113.8 billion in the third quarter of 2000 from \$105.0 billion (revised) in the second, according to preliminary estimates of the Bureau of Economic Analysis. The deficit on goods and services, the deficit on income, and net unilateral current transfers all increased.



Goods and services

The deficit on goods and services increased to \$96.5 billion in the third quarter from \$88.6 billion in the second.

Goods The deficit on goods increased to \$115.4 billion in the third quarter from \$110.2 billion in the second.

Goods exports increased to \$200.4 billion from \$191.8 billion. Both agricultural and nonagricultural exports increased. Within nonagricultural exports, capital goods and industrial supplies and materials accounted for 90 percent of the increase.

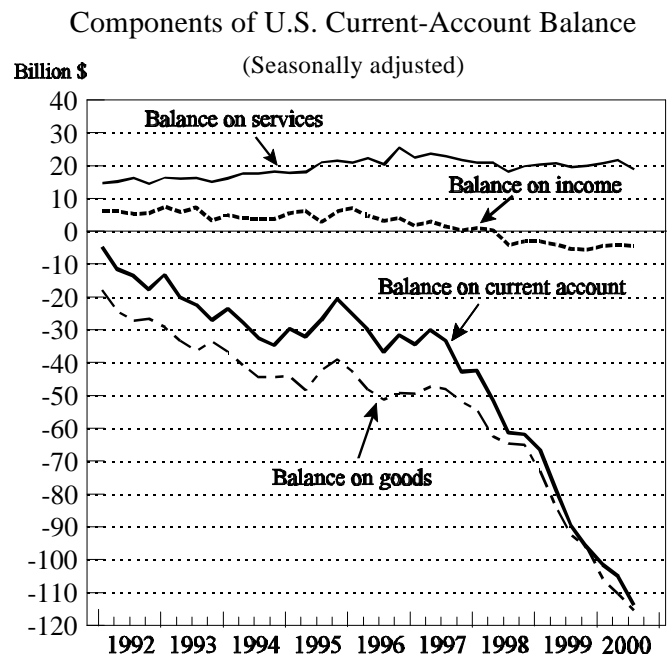
Goods imports increased to \$315.8 billion from \$302.0 billion. Both petroleum and nonpetroleum imports increased. The increase in petroleum imports was attributable to a rise in petroleum prices; the volume of petroleum imports decreased. The largest increases in nonpetroleum imports were in capital goods, in nonpetroleum industrial supplies and materials, and in automotive products.

Services The surplus on services decreased to \$18.9 billion in the third quarter from \$21.6 billion in the second.

Service receipts edged up to \$74.3 billion from \$74.2 billion. Increases in travel, in "other" transportation, and in passenger fares more than offset decreases in royalties and license fees and in "other" private services, such as financial services and business, professional, and technical services.

Service payments increased to \$55.4 billion from \$52.6 billion, reflecting increases in all services categories. The largest increases were in royalties and license fees, resulting from payments for rights to broadcast the 2000 Olympic Games, in travel, in "other" transportation, and in "other" private services.

Income



The deficit on income increased to \$4.5 billion in the third quarter from \$4.1 billion in the second.

Investment income Income receipts on U.S.-owned assets abroad decreased to \$86.2 billion from \$87.1 billion. Decreases in direct investment receipts and in U.S. Government receipts more than offset an increase in "other" private receipts.

Income payments on foreign-owned assets in the United States decreased to \$89.4 billion from \$89.8 billion. A decrease in direct investment payments more than offset increases in "other" private payments and in U.S. Government payments.

Compensation of employees Receipts for compensation of U.S. workers abroad were unchanged at \$0.6 billion. Payments for compensation of foreign workers in the United States edged down to \$1.9 billion from \$2.0 billion.

Unilateral current transfers

Unilateral current transfers were net outflows of \$12.8 billion in the third quarter, up from net outflows of \$12.3 billion in the second. The increase was accounted for by increases in U.S. Government grants and in private remittances and other transfers.

Capital and Financial Account

Capital Account

Capital account transactions were net inflows of \$0.2 billion in the third quarter, unchanged from the second.

Financial Account

Net recorded financial inflows--the difference between changes in U.S.-owned assets abroad and changes in foreign-owned assets in the United States--were \$123.0 billion in the third quarter, compared with \$152.7 billion (revised) in the second. Financial inflows for foreign-owned assets in the United States decreased more than financial outflows for U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$77.2 billion in the third quarter, following an increase of \$92.4 billion in the second.

U.S. claims on foreigners reported by U.S. banks increased \$11.4 billion in the third quarter, in contrast to a decrease of \$18.3 billion in the second. The third-quarter increase was largely attributable to lending by foreign-owned banks in the United States to their own offices abroad.

Net U.S. purchases of foreign securities were \$30.4 billion in the third quarter, down from \$38.2 billion in the second. Net U.S. purchases of foreign stocks were \$12.5 billion, down sharply from \$45.0 billion; the decrease was attributable to a reduction in exchanges of stock related to purchases of U.S. companies by foreign companies. Net U.S. transactions in foreign bonds shifted to net U.S. purchases of \$17.9 billion from net U.S. sales of \$6.8 billion, partly as a result of an increase in new foreign issues in the United States.

Net financial outflows for U.S. direct investment abroad were \$36.1 billion in the third quarter, down from \$37.5 billion in the second. A decrease in net equity outflows more than offset an increase in reinvested earnings and smaller inflows for net intercompany debt.

U.S. official reserve assets increased \$0.3 billion in the third quarter, in contrast to a decrease of \$2.0 billion in the second.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$200.2 billion in the third quarter, following an increase of \$245.1 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$14.0 billion in the third quarter, following an increase of \$46.9 billion in the second. The third-quarter increase was largely attributable to borrowing by foreign-owned banks in the United States from their own offices abroad.

Net sales of U.S. Treasury securities by foreigners were \$12.6 billion in the third quarter, down from \$20.6 billion in the second. The decrease was largely accounted for by a decrease in net sales by investors in Western Europe.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$118.9 billion in the third quarter, up from \$87.1 billion in the second. Net foreign purchases of U.S. stocks were \$46.8 billion, up sharply from \$26.3 billion; the increase was attributable to shifts to net purchases by investors in Caribbean financial centers and in Japan and to an increase in net purchases by investors in Western Europe. Net foreign purchases of U.S. corporate and other bonds were a record \$72.1 billion, up from \$60.8 billion; the increase was partly attributable to record net foreign purchases of U.S. federally sponsored agency bonds.

Net financial inflows for foreign direct investment in the United States were \$64.9 billion in the third quarter, down from \$100.3 billion in the second. Although net equity inflows fell sharply, they remained strong as a result of numerous large acquisitions. Net intercompany debt inflows and reinvested earnings both decreased.

Net U.S. currency shipments from the United States to foreign countries were \$0.8 billion in the third quarter, down from \$1.0 billion in the second.

Foreign official assets in the United States increased \$11.6 billion in the third quarter, following an increase of \$6.3 billion in the second.

The statistical discrepancy--errors and omissions in recorded transactions--was a negative \$9.4 billion in the third quarter, following a negative \$47.9 billion in the second.

In the third quarter, the U.S. dollar appreciated 2 percent on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The second-quarter international transactions are revised from previously published estimates. The current-account deficit was revised to \$105.0 billion from \$106.1 billion. The goods deficit was unchanged at \$110.2 billion; the services surplus was revised to \$21.6 billion from \$21.0 billion; the deficit on income was revised to \$4.1 billion from \$4.5 billion; and unilateral current transfers were unchanged at net outflows of \$12.3 billion.

* * *

Release dates for 2001:

Fourth quarter 2000.....	March 15, 2001 (Thursday)
First quarter 2001.....	June 21, 2001 (Thursday)
Second quarter 2001.....	September 12, 2001 (Wednesday)
Third quarter 2001.....	December 12, 2001 (Wednesday)

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5362 U.S. international transactions
-5306 Gross domestic product
-5303 Personal income and outlays

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: 202-512-1800; fax: 202-512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

Table 1.--U.S. International Transactions
 [Millions of dollars, quarters seasonally adjusted]

		1999				2000			Change:	
(Credits +, debits -)		1999	I	II	III	IV	I	IIr	IIIp	2000 II-III
Current account										
1	Exports of goods and services and income receipts.....	1,232,407	293,717	300,994	313,084	324,612	336,854	353,622	361,467	7,845
2	Exports of goods and services.....	956,242	230,321	234,297	241,969	249,653	255,977	265,969	274,657	8,688
3	Goods, balance of payments basis.....	684,358	163,949	166,443	173,881	180,085	183,728	191,783	200,385	8,602
4	Services.....	271,884	66,372	67,854	68,088	69,568	72,249	74,186	74,272	86
5	Transfers under U.S. military agency sales contracts.....	16,334	4,240	4,561	3,944	3,589	3,574	3,699	3,720	21
6	Travel.....	74,881	18,140	18,564	18,695	19,482	20,431	21,363	21,567	204
7	Passenger fares.....	19,776	4,814	4,902	5,105	4,955	5,062	5,387	5,475	88
8	Other transportation.....	27,033	6,515	6,692	6,728	7,097	7,252	7,434	7,596	162
9	Royalties and license fees.....	36,467	9,114	9,140	9,106	9,107	9,353	9,584	9,349	-235
10	Other private services.....	96,508	23,346	23,772	24,271	25,118	26,373	26,506	26,345	-161
11	U.S. Government miscellaneous services.....	885	203	223	239	220	204	213	220	7
12	Income receipts.....	276,165	63,396	66,697	71,115	74,959	80,877	87,653	86,810	-843
13	Income receipts on U.S.-owned assets abroad.....	273,957	62,861	66,149	70,556	74,393	80,302	87,070	86,221	-849
14	Direct investment receipts.....	118,802	26,946	28,804	31,361	31,691	34,116	37,898	37,340	-558
15	Other private receipts.....	151,958	35,004	36,535	38,449	41,970	45,091	47,938	48,050	112
16	U.S. Government receipts.....	3,197	911	810	746	732	1,095	1,234	831	-403
17	Compensation of employees.....	2,208	535	548	559	566	575	583	589	6
18	Imports of goods and services and income payments.....	-1,515,861	-349,513	-368,439	-391,337	-406,575	-426,335	-446,323	-462,488	-16,165
19	Imports of goods and services.....	-1,221,213	-282,997	-297,597	-314,687	-325,933	-341,094	-354,567	-371,160	-16,593
20	Goods, balance of payments basis.....	-1,029,917	-236,973	-250,427	-266,199	-276,318	-289,566	-302,014	-315,801	-13,787
21	Services.....	-191,296	-46,024	-47,170	-48,488	-49,615	-51,528	-52,553	-55,359	-2,806
22	Direct defense expenditures.....	-13,650	-3,293	-3,373	-3,626	-3,358	-3,322	-3,431	-3,450	-19
23	Travel.....	-59,351	-14,560	-14,718	-14,799	-15,274	-15,837	-16,044	-16,704	-660
24	Passenger fares.....	-21,405	-5,215	-5,274	-5,348	-5,568	-5,777	-5,944	-6,203	-259
25	Other transportation.....	-34,137	-7,784	-8,187	-8,953	-9,214	-9,582	-9,900	-10,461	-561
26	Royalties and license fees.....	-13,275	-3,081	-3,224	-3,314	-3,656	-3,590	-3,661	-4,512	-851
27	Other private services.....	-46,657	-11,401	-11,719	-11,682	-11,855	-12,706	-12,859	-13,305	-446
28	U.S. Government miscellaneous services.....	-2,821	-690	-675	-766	-690	-714	-714	-724	-10
29	Income payments.....	-294,648	-66,516	-70,842	-76,650	-80,642	-85,241	-91,756	-91,328	428
30	Income payments on foreign-owned assets in the United States.....	-287,059	-64,636	-68,962	-74,749	-78,712	-83,289	-89,776	-89,393	383
31	Direct investment payments.....	-56,098	-10,916	-14,106	-15,660	-15,416	-17,048	-18,883	-15,782	3,101
32	Other private payments.....	-135,830	-31,051	-31,701	-34,942	-38,136	-40,167	-43,992	-46,242	-2,250
33	U.S. Government payments.....	-95,131	-22,669	-23,155	-24,147	-25,160	-26,074	-26,901	-27,369	-468
34	Compensation of employees.....	-7,589	-1,880	-1,880	-1,901	-1,930	-1,952	-1,980	-1,935	45
35	Unilateral current transfers, net.....	-48,025	-10,831	-11,537	-11,396	-14,260	-12,024	-12,270	-12,752	-482
36	U.S. Government grants.....	-13,774	-2,574	-3,097	-2,847	-5,256	-2,912	-3,232	-3,581	-349
37	U.S. Government pensions and other transfers.....	-4,401	-1,066	-1,074	-1,080	-1,181	-1,114	-1,125	-1,129	-4
38	Private remittances and other transfers.....	-29,850	-7,191	-7,366	-7,469	-7,823	-7,998	-7,913	-8,042	-129

Table 1.--U.S. International Transactions (Continued)
[Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)		1999	1999				2000			Change: 2000 II-III
			I	II	III	IV	I	IIr	IIIp	
Capital and financial account										
Capital account										
39	Capital account transactions, net.....	-3,500	157	165	171	-3,993	166	170	165	-5
Financial account										
40	U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-430,187	-21,555	-170,842	-122,909	-114,882	-178,958	-92,424	-77,204	15,220
41	U.S. official reserve assets, net.....	8,747	4,068	1,159	1,951	1,569	-554	2,020	-346	-2,366
42	Gold.....
43	Special drawing rights.....	10	562	-190	-184	-178	-180	-180	-182	-2
44	Reserve position in the International Monetary Fund.....	5,484	3	1,413	2,268	1,800	-237	2,328	1,300	-1,028
45	Foreign currencies.....	3,253	3,503	-64	-133	-53	-137	-128	-1,464	-1,336
46	U.S. Government assets, other than official reserve assets, net.....	2,751	118	-392	-686	3,711	-131	-574	110	684
47	U.S. credits and other long-term assets.....	-6,175	-1,314	-2,167	-1,595	-1,099	-1,750	-1,235	-1,052	183
48	Repayments on U.S. credits and other long-term assets.....	9,560	1,554	1,887	1,026	5,093	1,328	720	1,263	543
49	U.S. foreign currency holdings and U.S. short-term assets, net.....	-634	-122	-112	-117	-283	291	-59	-101	-42
50	U.S. private assets, net.....	-441,685	-25,741	-171,609	-124,174	-120,162	-178,273	-93,870	-76,968	16,902
51	Direct investment.....	-150,901	-41,112	-32,958	-43,552	-33,280	-42,963	-37,487	-36,088	1,399
52	Foreign securities.....	-128,594	1,107	-71,131	-41,420	-17,150	-27,236	-38,196	-30,428	7,768
53	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-92,328	-14,223	-25,734	-27,943	-24,428	-52,563	-36,507	931	37,438
54	U.S. claims reported by U.S. banks, not included elsewhere.....	-69,862	28,487	-41,786	-11,259	-45,304	-55,511	18,320	-11,383	-29,703
55	Foreign-owned assets in the United States, net (increase/financial inflow (+)).....	753,564	102,780	272,008	194,210	184,567	236,535	245,149	200,169	-44,980
56	Foreign official assets in the United States, net.....	42,864	4,274	-1,096	12,191	27,495	22,015	6,346	11,625	5,279
57	U.S. Government securities.....	32,527	6,793	-916	14,798	11,852	24,305	6,334	5,271	-1,063
58	U.S. Treasury securities.....	12,177	800	-6,708	12,963	5,122	16,198	-4,000	-9,001	-5,001
59	Other.....	20,350	5,993	5,792	1,835	6,730	8,107	10,334	14,272	3,938
60	Other U.S. Government liabilities.....	-3,255	-1,485	-1,099	-760	89	-644	-781	-620	161
61	U.S. liabilities reported by U.S. banks, not included elsewhere.....	12,692	-1,139	1,436	-2,032	14,427	-2,577	-111	6,339	6,450
62	Other foreign official assets.....	900	105	-517	185	1,127	931	904	635	-269
63	Other foreign assets in the United States, net.....	710,700	98,506	273,104	182,019	157,072	214,520	238,803	188,544	-50,259
64	Direct investment.....	275,533	26,779	143,802	55,563	49,390	48,962	100,323	64,933	-35,390
65	U.S. Treasury securities.....	-20,464	-7,505	-5,407	9,639	-17,191	-9,248	-20,597	-12,642	7,955
66	U.S. securities other than U.S. Treasury securities.....	331,523	62,815	80,838	95,620	92,250	132,416	87,107	118,882	31,775
67	U.S. currency.....	22,407	2,440	3,057	4,697	12,213	-6,847	989	757	-232
68	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	34,298	27,928	13,663	-8,085	792	58,061	24,038	2,633	-21,405
69	U.S. liabilities reported by U.S. banks, not included elsewhere.....	67,403	-13,951	37,151	24,585	19,618	-8,824	46,943	13,981	-32,962
70	Statistical discrepancy (sum of above items with sign reversed).....	11,602	-14,755	-22,349	18,177	30,531	43,762	-47,924	-9,357	38,567
Memoranda:										
71	Balance on goods (lines 3 and 20).....	-345,559	-73,024	-83,984	-92,318	-96,233	-105,838	-110,231	-115,416	-5,185
72	Balance on services (lines 4 and 21).....	80,588	20,348	20,684	19,600	19,953	20,721	21,633	18,913	-2,720
73	Balance on goods and services (lines 2 and 19).....	-264,971	-52,676	-63,300	-72,718	-76,280	-85,117	-88,598	-96,503	-7,905
74	Balance on income (lines 12 and 29).....	-18,483	-3,120	-4,145	-5,535	-5,683	-4,364	-4,103	-4,518	-415
75	Unilateral current transfers, net (line 35).....	-48,025	-10,831	-11,537	-11,396	-14,260	-12,024	-12,270	-12,752	-482
76	Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-331,479	-66,627	-78,982	-89,649	-96,223	-101,505	-104,971	-113,773	-8,802

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NOTE:--Details may not add to totals because of rounding. Source: U. S. Department of Commerce, Bureau of Economic Analysis